

## Article - Real Property

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§7–109.

(a) (1) In this section the following words have the meanings indicated.

(2) “Affiliate” means any association, corporation, business trust, statutory trust, or other similar organization that controls, is controlled by, or is under common control with, a financial institution, as defined in § 1–101 of the Financial Institutions Article.

(3) “Settlement” means the process of executing and delivering to the lender or the agent responsible for settlement, legally binding documents evidencing or securing a loan secured by a deed of trust or mortgage encumbering real property in this State.

(b) (1) In any consumer loan transaction in which the loan is secured by a purchase money mortgage or deed of trust on real property located in this State, on or before the day of settlement, the lender shall disburse the loan proceeds in accordance with the loan documents to the agent responsible for settlement as provided in subsections (c) and (d) of this section.

(2) In any consumer loan transaction in which the loan is secured by a secondary deed of trust or mortgage on real property located in this State, on or before the day of funding the agent responsible for settlement may require the lender to disburse the loan proceeds as provided in paragraph (1) of this subsection.

(c) Except as provided in subsection (d) of this section, the lender shall disburse the loan proceeds in the form of:

(1) Cash;

(2) Wired funds;

(3) A certified check;

(4) A check issued by a political subdivision or on behalf of a governmental entity;

(5) A teller’s check issued by a depository institution and drawn on another depository institution; or

(6) A cashier's check.

(d) In addition to the methods of loan disbursement provided in subsection (c) of this section, the loan proceeds may be disbursed in the form of a check drawn on a financial institution insured by the Federal Deposit Insurance Corporation and located in the 5th Federal Reserve District if the lender is:

(1) An affiliate or subsidiary of a financial institution insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration Share Insurance Program; or

(2) A mortgage company approved by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(e) If a loan subject to this section is not disbursed as provided in subsection (c) of this section, the lender may not charge interest on the loan for the first 30 days following the date of closing.

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